



STATE OF WASHINGTON

**OFFICE OF FINANCIAL MANAGEMENT**

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June 11, 2004

**TO:** Dennis Braddock, Secretary  
Department of Social and Health Services

**FROM:** Marty Brown, Director *MB*

**SUBJECT: ADDITIONAL INSTRUCTIONS FOR AGENCY BUDGET SUBMITTALS**

The Priorities of Government (POG) Results Teams recently completed work on the high-level purchase strategies that they believe will best achieve statewide results. As part of this effort, Teams also made suggestions about specific analyses and initiatives that will help them in the fall when they reconvene to produce detailed purchase plans for implementation of proposed strategies. Because Results Teams will be reviewing agency budget requests for activities that can be included in these purchase plans, we are communicating their ideas to you as you prepare your budgets.

Although the state is not facing quite the same fiscal challenges that generated the initial Priorities of Government process in 2002, initial estimates for 2005-07 indicate a \$700 million shortfall between forecasted state General Fund (GFS) revenues and the cost of continuing current GFS-funded services. The POG budget approach helps us focus on core services that contribute the most toward statewide results. This, in turn, provides a framework for OFM decisions and budget recommendations to the Governor.

**High-Level Strategies will Guide Budget Decisions**

We strongly urge your consideration of the information contained in this memo as you develop your agency budget proposal.

1. You will find enclosed a list of the high-level indicators of success and the purchase strategies recommended for each statewide result. This information is the investment criteria that Results Teams will use to create their purchase recommendations. Review the indicators and strategies for all 11 results and focus on areas that you believe can be influenced with activities in your agency. For example, if your budget includes activities that affect indicators in Result #4 (Improve Health) because they contribute to the statewide strategy of "mitigating environmental hazards," then your budget should help make that connection for the Results Team.

A summary is provided in this memo, but we encourage you to read the full reports of the Teams, particularly those prepared for Tollgate #2, to understand the context in which these recommendations were made. The reports are available at <http://www.ofm.wa.gov/budget/pog/teamreports.htm>.

2. For some agencies, there are recommended initiatives or research projects listed at the end of this memo. This means one or more Results Teams indicated interest in these ideas and are asking for additional information before they complete their purchase plan recommendation in the fall.
3. The Teams also suggested criteria that agencies could use to assess the activities they propose for funding. As you determine your budget request, we recommend you address these questions in your deliberations:
  - Are there options for earlier, preventive interventions as alternatives to more expensive services later?
  - Are those options evidence-based or supported by research as to their effectiveness toward the intended result?
  - Are we paying the right price for the services delivered?
  - Are activities properly coordinated for maximum effect?
  - Do activities have explicit outcomes and measures of performance?
  - Are there opportunities for outcome-based contracts?

### **Additional Information Requested for the Budget Submittal**

OFM has selected a number of the recommendations mentioned in the team reports to be completed as part of the budget development process. We ask that your agency submit the following information, either as part of your budget request, as an addendum to your budget submittal, or as a separate submittal on the date indicated.

1. The Department of Health, in coordination with the Office of Financial Management, Department of Social and Health Services and the Health Care Authority, should propose options to develop, coordinate and centralize health planning and information across state health activities to eliminate duplication of effort and leverage resources and information. One possibility would be an expanded coordination role for a sub cabinet-type entity, with dedicated professional staff resources.
2. The Department of Social and Health Services should submit options for evidence-based interventions to prevent high-risk behaviors such as alcohol/substance abuse, consistent with the interagency Memorandum of Agreement of 2002. Work with the Health Care Authority on options to include chemical dependency treatment in public and private health insurance coverage.
3. The Department of Social and Health Services, Department of Health, and the Health Care Authority should develop a comprehensive plan to address overweight/obesity. Include opportunities to target state-covered populations (state employees, Basic Health enrollees, Medicaid clients). Also consult with the Department of Community, Trade and Economic Development, Department of General Administration, and the Department of Agriculture to assess opportunities for better coordination across existing food subsidy and nutrition programs to ensure that low-income recipients have better access to healthful food.
4. State purchasing agencies should propose opportunities to tie financial strategies or contract requirements to improving healthy behaviors. Examples would be to incorporate quality measures into contracting health plan payments and/or incorporating joint quality requirements (e.g., targeted immunization rates) into contract requirements. Other options would be to build in accountability to certain outcome measures, differential rates for smokers versus non-smokers, flu shot rates, or

immunization rates. These incentive strategies should be investigated for our contractual partners (e.g. insurance carriers and hospitals) as well as individual consumers, and should include reward and recognition for “best practices.”

5. The Department of Health, in consultation with the Health Care Authority and the Department of Social and Health Services, should provide an analysis on how the state addresses health disparities--in the areas of access, environmental health, and healthy behaviors.
6. The Health Care Authority and the Department of Social and Health Services should evaluate the current research relating to the preventive value of dental care. What are potential options, including benefit/cost analysis, for a consistent adult dental package for both Basic Health enrollees and Medicaid clients and what would it cost? What is the return on investment (ROI) over other acute care costs?
7. The Department of Social and Health Services should propose opportunities to make evidence-based investments in prevention and treatment for mental health care. Work with the Health Care Authority in identifying mental health treatment in public and private health insurance coverage.
8. The Department of Social and Health Services and the Department of Corrections, in consultation with the Sentencing Guidelines Commission, should submit proposals to restructure juvenile and adult sentencing to take better account of cost, risk, and service needs.
9. Work with OFM to develop a proposal to combine prevention funding to communities for use based on their needs assessments, but focused on evidence-based (research-validated, “best practice”) programs that improve safety and reduce the need for more costly intervention services. What agencies fund or conduct community-based prevention or mobilization activities? What evidence of effectiveness? What potential to combine?
10. Submit proposals to provide mental health services to incarcerated juveniles, to prevent costlier institutional placements and facilitate re-entry into communities.
11. The Military Department should submit a proposal to combine citizen risk-education programs across agencies, seeking synergistic opportunities. What agencies are doing public education about safety risks – what risks, what budgets, what potential for collaboration? The Department should work with the Department of Community, Trade and Economic Development, Department of Social and Health Services, and the Washington State Patrol in developing the proposal.
12. Part-time pre-schools are currently exempt from licensing for basic health and safety, employee background, and program content. Propose a licensing program for part-time preschools, or some other approach, that would increase the number of kids ready to succeed in primary school after attending preschool.
13. The Office of the Superintendent of Public Instruction should work with OFM and consult with ESDs, the Washington Professional Educators Standards Board, DSHS and the Department of Community, Trade and Economic Development on proposals for a comprehensive P-12 teacher professional development programs that will provide the skills teachers and providers need to teach the content that students need to learn.

14. The Department of Social and Health Services should create a proposal for an E-child care system, including plans for how this information can be linked to a comprehensive K-12 data system.
15. Conduct a review of populations served by state's vulnerable children and adult institutions. Define the target populations that would be best served in institutions as well as the population segments that may be more appropriately served in less restrictive settings at lower costs. Identify if there are current state institution mandates that limit the state's ability to achieve system-wide efficiencies.
16. The Department of Social and Health Services, in consultation with the Department of Community, Trade, and Economic Development, should propose top priority strategic partnerships (buyers/suppliers) that will increase community capacity for prevention services. The partnerships could include nonprofits, local governments and state agencies.
17. Propose opportunities to coordinate the service delivery of primary, acute, long-term care, mental health and chemical dependency to slow the progression of illness and disability, and improve the health outcomes.
18. Evaluate children's mental health services to determine potential benefits of program redesigns. The analysis would help identify the higher-value services, opportunities for integrating services, and increased effectiveness through greater use of performance-based contracting.
19. Conduct research for WorkFirst services that solicits input from targeted vendors, service providers and agency sources to identify potential service changes that better match community capacities.
20. Identify the cost control actions that best manage the upward cost pressures of the significant, core intervention activities. What are the fiscal measures that demonstrate we are paying the right price for these core activities?
21. A study for the costs and benefits of prevention and early intervention programs for at-risk youth is currently being conducted and is scheduled to have recommendations this summer. Use the results of this study to help prioritize early intervention services and make budget and legislation proposals.
22. The Department of Social and Health Services, in coordination with the Office of Superintendent of Public Instruction, should conduct a literature review on research that identifies where social services contribute to success in school, including readiness to learn, support services for high-risk families, food and anti-poverty projects, physical and mental health services for students and their families.
23. Conduct research that identifies high-risk clients and possible interventions or prevention strategies by retroactively reviewing high cost users of public services and their history of interaction with public social services, public education, and the criminal justice system. Use this data to identify trends and patterns of individual and family behaviors that result in high public cost and possible interventions or prevention services that could make a difference. This research could have a medical component as well.

24. The Employment Security Department and the Department of Social and Health Services should submit a proposal to desegregate WorkSource resource rooms. Currently WorkFirst resource rooms are separate from the general workforce population. These rooms should be combined to eliminate the duplication of services and increase access to equipment.
25. Evaluate the different types of student assessments and their portability to other institutions/entities. Many students in the community college system often complain that they must take asset/placement tests that are not accepted at other state community colleges. This results in students having to retake a variety of asset tests when they transfer from one college to another. This may include assessments that are performed by DSHS for WorkFirst clients, or those performed by Employment Security. Should these assessments reflect employers' needs? Should asset/placement tests be uniform for our public colleges? The State Board for Community and Technical Colleges should take the lead on this evaluation with assistance from the Department of Social and Health Services and the Employment Security Department.
26. The Utilities and Transportation Commission and the Department of Social and Health Services should propose an alternative funding basis for the Washington Telephone Assistance Program, now that the move from wireline to wireless services is changing assumptions for the current funding model.

If you have questions about any of these recommendations, please consult your assigned OFM Budget Analyst, who will then coordinate assistance with the appropriate Results Team.

Finally, I want to thank all of you for your energy and dedication as we head into another round of POG. Your efforts are critical to its success, and I know from experience that I can count on you.

Attachment

cc: Agency Budget Director